



THE Vote Solar INITIATIVE

**Connecticut General Assembly
Before the Joint Committee on Energy and Technology**

**Written Testimony of The Vote Solar Initiative
Regarding SB 949 – An Act Establishing Commercial and Industrial Property Tax
Exemptions for Clean Energy Projects**

**Hannah Masterjohn, Solar Policy Advocate
March 5, 2013**

RECOMMENDED ACTION: Support, with Amendment

Co-Chairs Senator Duff and Representative Reed:

Thank you for your consideration of SB 949. This Act would update property tax policy to account for the state's emerging renewable energy market. To support a strong solar energy industry, Connecticut must implement reasonable and predictable property tax treatment for commercial-scale solar projects. The Vote Solar Initiative supports the intent of SB 949 and recommends its passage, with an amendment to ensure that local governments that do levy property taxes on commercial and industrial clean energy projects follow a predictable and appropriate assessment methodology.

About Vote Solar: The Vote Solar Initiative (Vote Solar) is a non-profit, grassroots organization with members throughout the U.S. including thousands in Connecticut. Vote Solar aims to foster economic opportunity and support a cleaner, healthier environment by bringing solar energy into the mainstream. Since 2002, Vote Solar has helped to remove market barriers and implement key policies needed to bring solar to scale.

Inappropriate property tax treatment can stop solar projects and limit the effectiveness of Connecticut's Zero Emission Renewable Energy Credit (ZREC) Program

Sunshine is free, and therefore solar energy offers an attractive economic proposition. Yet we all know that solar energy generating equipment is not cheap. Property taxes levied on the full market value of solar energy equipment can make solar projects unviable. Connecticut's property tax rates are among the highest in the nation, and vary significantly among jurisdictions within the state. In addition, most assessors remain unfamiliar with solar technology and solar project development, which leads to even greater unpredictability and inconsistency in treatment of solar projects. This difficult to navigate landscape has prevented solar projects from getting off the ground, has unnecessarily increased costs for existing solar projects, and now poses a challenge to implementation of the state's ZREC program.

The legislature enacted the ZREC program to support solar energy development across Connecticut. Under the program, solar developers submit bids for projects to receive ZREC contracts. Because developers need to account for property taxes in their bid price, they look to jurisdictions with lower tax rates for solar project development, resulting in inequitable distribution of projects. Secondly, because the ZREC program is supported by all ratepayers, high property taxes result in a potential cost shift from the local taxing jurisdiction to ratepayers. Third, some developers may not include property tax liability in their ZREC bids, and be selected for contracts as a result of their lower bids. Yet these projects are likely to fail, limiting the efficiency and effectiveness of the ZREC program.

For all these reasons, Vote Solar urges the Committee to pass SB 949 to update Connecticut's property tax policy to account for the characteristics of commercial-scale solar energy projects.

Property tax treatment for solar projects should be reasonable and predictable

Vote Solar recognizes that property taxes are an important revenue source for many local governments. Yet the status quo property tax treatment is hindering the growth of Connecticut's solar energy market. **Therefore we recommend the following amendment to SB 949:**

Standard valuation:

Those jurisdictions that do choose to levy property taxes on commercial and industrial clean energy projects should be required to utilize a uniform valuation approach based on the generating capacity of the project (in kilowatts). This approach is recognized as a best practice by experts at the North Carolina Solar Center in a recent U.S. Department of Energy-funded report.

Conclusion

We encourage the Committee to pass SB 949 with the amendment suggested above. Thank you for your consideration of this matter.

Hannah Masterjohn
The Vote Solar Initiative